

HOUSE BILL REPORT

ESHB 1703

As Passed Legislature

Title: An act relating to fare cards for transportation facilities and services.

Brief Description: Modifying the application of the unclaimed property laws to certain public transportation fare cards.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Jarrett and Sells).

Brief History:

Committee Activity:

Finance: 2/23/05, 3/7/05 [DPS].

Floor Activity:

Passed House: 3/11/05, 93-0.

Passed Senate: 4/13/05, 45-1.

Passed Legislature.

<p style="text-align: center;">Brief Summary of Engrossed Substitute Bill</p> <ul style="list-style-type: none">• Relieves a public transportation agency that holds abandoned fare card value of the requirement to report the value to the state after the end of the holding period, as long as the agency honors the card in perpetuity.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives McIntire, Chair; Hunter, Vice Chair; Orcutt, Ranking Minority Member; Conway, Ericksen, Hasegawa and Santos.

Minority Report: Do not pass. Signed by 1 member: Representative Roach, Assistant Ranking Minority Member.

Staff: Mark Matteson (786-7145).

Background:

The Uniform Unclaimed Property Act governs the disposition of intangible property that is unclaimed by its owner. A business that holds unclaimed intangible property must transfer it to the Department of Revenue (Department) after a holding period set by statute. The holding period varies by type of property, but for most unclaimed property the holding period is three

years. After the holding period has passed, the business in possession of the property transfers the property to the Department.

The Uniform Unclaimed Property Act applies to any unclaimed property, whether tangible or intangible, in general. In 2004, the Legislature exempted gift certificates, including gift cards, from the unclaimed property provisions, as long as the holders or issuers of the certificates met certain requirements. Gift cards are defined to include cards with stored value that may be exchanged for consumer goods and services.

Some public transportation agencies issue fare cards as a convenient mechanism to riders for paying for transit trips. These cards maintain an amount of stored value that may be redeemed incrementally when making transit trips. There is some question as to whether such cards would be subject to the gift certificate law enacted in 2004. The 2004 law provides an intent statement that the law be liberally construed to benefit consumers and that any ambiguities with respect to the application of the law should be resolved by applying the unclaimed property law to the intangible property in question.

Summary of Engrossed Substitute Bill:

A public transportation agency may retain any funds representing value on abandoned fare cards until such time as the owner of the value claims it. A fare card is any pass or instrument purchased to utilize public transportation facilities or services. Fare cards do not include gift cards that are subject to the 2004 gift certificate law.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: In the late 1980s, the original regional transit legislation was enacted. While the original legislation had a flaw that prohibited effective collaboration among agencies, efforts in the 1990s to fix this produced the seed for a single media that could be used among agencies. The mantra that we talked about then is seamless movement between systems, made possible in part by a single fare medium. This has been a longer journey than we had originally hoped, and in part the hold up stems from the need to be able to recharge cards even though people may not use them for a long time. We want to be able to make things as transparent as possible to the customer.

Sound Transit, in conjunction with a number of other public transportation entities, is in the process of implementing a smart card. We are in support of this bill because we believe it will allow any unused value to be reinvested back into the public transportation system.

Testimony Against: None.

Persons Testifying: Representative Jarrett, prime sponsor; Melanie Newman, Sound Transit; and Candace Carlson, Regional Fare Coordinator Project.

Persons Signed In To Testify But Not Testifying: None.